

DISCOVER® CARD ACCOUNT CARDMEMBER AGREEMENT

Please read this Agreement carefully before using your Discover® Card Account. It contains the terms and conditions of your Account, some of which may have changed from earlier materials provided to you. In the event of any differences, this Agreement shall control. We respect your privacy. See the Privacy section and our Privacy Policy for additional information. The Arbitration of Disputes section includes a waiver of a number of rights, including the right to a jury trial. The Right to Reject Arbitration section describes the procedure you must follow if you desire to reject the Arbitration of Disputes section.

DEFINITIONS

“Account” means your Discover Card Account.

“Authorized User” means any person whom you authorize to use your Account or a Card, whether you notify us or not.

“Card” means any one or more Discover Cards issued to you or someone else with your authorization.

“Pricing Schedule” means the document accompanying your Card and listing the Finance Charge rates that apply to your Account. The Pricing Schedule is part of this Agreement.

“We,” “us” and “our” refer to Discover Bank, the issuer of your Discover Card.

“You,” “your” or “yours” refer to, in addition to you, the Cardmember, any other person or persons who are also contractually liable under this Agreement.

USING YOUR ACCOUNT

Your Acceptance of this Agreement. The use of your Account or a Card by you or an Authorized User, or your failure to cancel your Account within 30 days after receiving a Card, means you accept this Agreement, including the Arbitration of Disputes section. **You may, however, reject the Arbitration of Disputes section** as explained in the Right to Reject Arbitration section.

Permitted Uses of Your Account. Your Account may be used for:

- Purchases – to purchase or lease goods or services from participating merchants by presenting your Card or Account number or by using promotional checks, which we may furnish to you, in accordance with such additional terms and conditions as we may offer from time to time.
- Cash Advances – to obtain cash advances from participating automated teller machines, financial institutions or other locations, the purchase of lottery tickets, racetrack wagers, vouchers redeemable for cash or for casino chips, money orders, traveler's checks, savings bonds, foreign currency and wire transfers, or by means of checks which we may furnish to you, all in accordance with such additional terms and conditions as we may offer from time to time.
- Balance Transfers – to transfer balances from other creditors or to make other transactions by means of balance transfer coupons or checks, in accordance with such additional terms and conditions as we may offer from time to time.

In addition, your Account may be used to guarantee reservations at participating establishments. You will be liable for guaranteed reservations that are not cancelled prior to the time specified by the establishment. Your Account may be used for personal, family, household and charitable purposes.

Prohibited Uses of Your Account. Your Account may not be used to obtain loans to purchase, carry or trade in securities, to pay any amount you owe under this Agreement or for any transactions that are unlawful where you reside or where you are physically located when you use the Account to initiate the transaction (“Prohibited Transactions”).

Purchases and Cash Advances in Foreign Currencies. If you make a purchase or cash advance in a foreign currency, it will be converted to U.S. dollars using either a government-mandated rate, a government-published rate or the interbank exchange rate, depending on the country and currency in which the transaction is made. The rate used will be the rate in effect on the conversion date for the transaction, which may be different than the Transaction Date as shown on your statement. We charge a Foreign Currency Transaction Fee Finance Charge for each purchase made in a foreign currency as described in the Foreign Currency Transaction Fee Finance Charges section.

Cash Advances. We may periodically offer you special rates on cash advances for the time period specified in the offer, subject to the Default Rate section. The offer may contain a Cash Advance Transaction Fee Finance Charge for each cash advance. After the expiration of the special rate, the standard Annual Percentage Rate for cash advances will apply.

Balance Transfers. We may periodically offer you the opportunity to make balance transfers from other creditors or to make other transactions to your Account by means of balance transfer coupons or checks. Each offer will contain an initial special rate, which will be the Annual Percentage Rate that will apply to transferred balances for the time period specified in the offer, subject to the Default Rate section and may contain a Balance Transfer Transaction Fee Finance Charge for each balance transfer made during the term of the offer, as disclosed in the offer and as set forth in the Pricing Schedule, if applicable. After the expiration of this time period, the Annual Percentage Rate that applies for purchases will apply to

transferred balances. Balance transfers subject to the initial special rate are referred to as special rate balance transfers; balance transfers for which the initial special rate has expired are referred to as purchase rate balance transfers.

Each offer will contain an expiration date. If you attempt to transfer balances by means of a check after the expiration date, we will treat the transaction as a cash advance. We will not make balance transfers attempted by means of a coupon after the expiration date.

Credit Authorizations. Certain transactions will require our authorization prior to completion. In some cases, you may be asked to provide identification. We have the right not to authorize a transaction for security or other reasons. Also, if our authorization system is not working, we may not be able to authorize a transaction. We will not be liable to you if any of these events happen.

Authorized Users. If you want to cancel the authority of a current Authorized User to use your Account or a Card, you must notify us and destroy any Card in that person's possession. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover Card, PO Box 30943, Salt Lake City, UT 84130-0943. None of your rights under this Agreement (other than to pay amounts owed) may be exercised by any person not a party to this Agreement acting pursuant to a power of attorney, without our separate written agreement (which we are not obligated to give).

Unauthorized Use. Prior to its use, each Card must be signed by the person to whom it is issued. If a Card is lost or stolen, or if you think that someone is using your Account or a Card without your permission, notify us immediately. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover Card, PO Box 30943, Salt Lake City, UT 84130-0943. You agree to assist us in determining the facts relating to any theft or possible unauthorized use of your Account or a Card and to comply with such procedures as we may require in connection with our investigation.

Your Credit Lines. We will advise you of your Account credit line. We may impose a lower line that will apply to cash advances, referred to as the cash advance credit line. We may also impose a lower line that will apply to balance transfers, referred to as the balance transfer credit line. You agree not to allow your unpaid balance, including Finance Charges and fees, to exceed your Account credit line. If you exceed your Account credit line, we may request immediate payment of the amount by which you exceed your Account credit line.

We may increase or decrease your Account credit line, your cash advance credit line or your balance transfer credit line without notice. The credit available for your use may, from time to time, be less than your Account credit line. For purposes of determining your available credit, we reserve the right to postpone for up to 15 business days reducing your unpaid balances by the amount of any payment that we receive. Your available credit will not be increased by the amount of any credit balance.

MAKING PAYMENTS

Promise to Pay. You agree to pay us in U.S. dollars for all purchases, cash advances and balance transfers including applicable Finance Charges and other charges or fees, incurred by you or anyone you authorize or permit to use your Account or a Card, even if you do not notify us that others are using your Account or a Card. If you pay us in other than U.S. dollars, we may refuse to accept the payment or charge your Account our cost to convert your payment to U.S. dollars. All checks must be drawn on funds on deposit in the U.S. You may not use a cash advance check, balance transfer check or coupon, or any other promotional check drawn on any Discover Bank credit card account to make payments on your Account. If your Account is a joint Account, each of you agrees to be liable individually and jointly for the entire amount owed on your Account. **We can accept late payments or partial payments or checks and money orders marked "payment in full" or with any other restrictive endorsement without losing any of our rights under this Agreement.**

Monthly Billing Statement. We will send you a billing statement after each monthly billing period in which you have a debit or credit balance, unless we waive our right to do so as permitted by law. The billing statement will show all purchases, cash advances, balance transfers, Finance Charges and other charges or fees and all payments or other credits posted to your Account during the billing period. It will show your New Balance, Payment Due Date and Minimum Payment Due as of the end of the billing period. If your prior month's payment is returned unpaid, your required Minimum Payment Due may be higher than shown on your billing statement. See the Minimum Monthly Payment section.

Monthly Payment Options. You may at any time pay the entire New Balance shown on your billing statement, but each month you must pay at least the Minimum Payment Due as described in the Minimum Monthly Payment section. All payments must be made in accordance with the terms, including the payment cutoff time, stated on your monthly billing statement, and we will credit your Account in accordance with those terms. In addition, we reserve the right to change those terms without prior notice as permitted by law.

Automatic Billing Arrangements. If your Account number and/or Card expiration date changes and our records indicate you have automatic billing established with a merchant, we will attempt to provide your new Account information to that merchant. To ensure uninterrupted billing, we recommend that you verify the merchant has your new Account information. You must contact the merchant directly if you do not wish to continue the automatic billing arrangement.

How We Apply Payments. We will apply payments and credits to the New Balance shown on your current billing statement in order of the Annual Percentage Rate applicable to the balance of each transaction category (as referenced in the Finance Charges section), generally from lowest to highest beginning with the balance subject to the lowest Annual Percentage Rate. We then apply payments and credits to any new transactions using the same method. However, we have the right to apply payments and credits to balances with higher Annual Percentage Rates prior to balances with lower Annual Percentage Rates, such as when there are two initial special rates applicable to your Account and the lower Annual Percentage Rate will expire before the higher Annual Percentage Rate.

Minimum Monthly Payment. The Minimum Payment Due each month will be the greater of:

- the New Balance if it is less than \$20;
- \$20 if the New Balance is \$20 or more; or
- any past due amount plus the greater of:
 - 3% of the New Balance (excluding current Periodic Finance Charges, Late and Overlimit Fees) rounded up to the nearest dollar or
 - current Periodic Finance Charges plus Late and Overlimit Fees plus \$15 (not to exceed 4% of the New Balance) rounded up to the nearest dollar.

We may also include some or all the amount by which you exceed your Account credit line. We may subtract certain fees to calculate the Minimum Payment Due. The Minimum Payment Due will never exceed the New Balance.

Skip-A-Payment Offers. We may from time to time allow you to not make a minimum monthly payment and will notify you when this option is available. If you take advantage of this offer and do not make a minimum monthly payment, finance charges and any applicable fees will accrue on your Account in accordance with this Agreement and you must pay the Minimum Payment Due for the following billing periods.

Credit Balances. We will refund any credit balance within seven business days from receipt of your written request. If you do not request a refund, we will automatically refund credit balances greater than \$1 that remain in your Account after 6 months.

FINANCE CHARGES

How We Calculate Periodic Finance Charges. We begin to impose Periodic Finance Charges on all transactions from the Transaction Date for the transaction as shown on your billing statement, unless a transaction is posted to your Account after the close of the billing period in which it occurs, in which case we begin to impose Periodic Finance Charges on that transaction from the first day of the billing period in which it is posted to your Account. We continue to impose Periodic Finance Charges until the date you pay your entire New Balance, by making payments or receiving credits. However, if you paid the New Balance on your previous billing statement by the Payment Due Date shown on that billing statement and you pay the New Balance by the Payment Due Date on your current billing statement, we will not impose Periodic Finance Charges on new purchases, that is, purchases first appearing on the current billing statement. We call this the “grace period.” There is no grace period on balance transfers or cash advances.

We sort your transactions into groups of purchases, cash advances, and balance transfers and then further sort the transactions within each group by their Annual Percentage Rate. For example, purchases subject to a promotional rate and purchases subject to a standard rate would be separate groups. We refer to these groups as transaction categories. At the end of each billing period, we compute balances and Periodic Finance Charges for each day of the billing period for each transaction category. We use the following equation to compute Periodic Finance Charges for each transaction category:

$$(\text{Average Daily Balance}) \times (\text{days in billing period}) \times (\text{Daily Periodic Rate}).$$

(You may refer to the finance charge summary on your billing statement for these amounts.) Then we add up the Periodic Finance Charges for each transaction category to get the total Periodic Finance Charges for your Account. The Average Daily Balance is shown as zero if, because of the grace period, no Periodic Finance Charges apply to the balance in a transaction category.

How We Calculate Your Balances. We use the Average Daily Balance (including new transactions) method of calculating the balance upon which we impose Periodic Finance Charges. We compute the Average Daily Balance for each transaction category by adding up all the daily balances in a billing period for a transaction category and dividing the total by the number of days in the billing period. We compute the daily balance for each transaction category on each day

by first adding the following to the previous day's daily balance: transactions with a Transaction Date of that day as shown on your billing statement, unless the transaction is posted to your Account after the close of the billing period in which it occurs, in which case the transaction will be added to the daily balance as of the first day of the billing period in which it is posted to your Account, fees charged that day and Periodic Finance Charges accrued on the previous day's daily balance; and by then subtracting any credits and payments that are applied against the balance of the transaction category on that day. In calculating the daily balance for the first day of the billing period, we consider the "previous day's daily balance" to have been your balance for each transaction category on the last day of your previous billing period.

All fees charged to your Account are added to the standard purchase transaction category with the exception of Cash Advance Transaction Fee Finance Charges which are added to the applicable cash advance transaction category and Balance Transfer Transaction Fee Finance Charges which are added to the applicable balance transfer transaction category. When the special rate expires, we move the unpaid balance of the balance transfer and the Balance Transfer Transaction Fee Finance Charges to the standard purchase transaction category. However, if the special rate has been terminated under the Default Rate section, we leave the unpaid balance of the balance transfer and the Balance Transfer Transaction Fee Finance Charges in the applicable balance transfer transaction category until the special rate would have expired.

Variable or Fixed Interest Rates. The Daily Periodic Rate and corresponding Annual Percentage Rate that apply to each transaction category are either fixed rates or variable rates as set forth in your Pricing Schedule or in any special offers you receive from us. The Daily Periodic Rate is 1/365th of the corresponding Annual Percentage Rate. Variable Annual Percentage Rates are determined by adding a specified number of percentage points to the Prime Rate. This is shown on the Pricing Schedule as "Prime + (percentage points)." For purposes of this Agreement, the Prime Rate is the highest rate of interest listed as the "prime rate" in the Money Rates section of *The Wall Street Journal* on the last business day of the month. The Prime Rate is merely a pricing index and does not represent the lowest or best interest rate available to a borrower at any bank at any given time. If you have a variable rate, your Annual Percentage Rate will increase or decrease when the Prime Rate changes. This change will be effective beginning with the first day of the billing period that begins during the same month as the change in the Prime Rate. An increase in the Annual Percentage Rate may increase your Minimum Payment Due.

Default Rate. Each time you do not make a required payment on time or each time you exceed your Account credit line twice in a twelve month period (each, a "Default Rate Event"), we may increase the standard Annual Percentage Rates for purchases, balance transfers and cash advances to a variable rate equal to the Prime Rate + up to 27.99%, but such rate will never exceed 29.99% (the "Default Rate"). At the same time, any special rates on purchases, balance transfers or cash advances will end and the Default Rate may apply. The maximum Default Rate which would currently apply is set forth in your Pricing Schedule. We will base your Default Rate on factors such as:

- your current APRs
- your payment history with us
- your general credit history

Any increased rate will apply beginning with the first day of the billing period in which (i) we did not receive at least the Minimum Payment Due by the Payment Due Date or (ii) you exceeded your Account credit line for the second time in a twelve month period. If your standard Annual Percentage Rate for purchases was increased under this or any previous version of the Default Rate section and, for any nine consecutive billing periods thereafter another Default Rate Event does not occur, then your Annual Percentage Rate for your new purchases will be reduced to a lesser variable rate which may be higher than your previous standard Annual Percentage Rate for purchases and your Annual Percentage Rate for your existing purchase balance may be reduced to a lesser variable rate which may be higher than your previous standard Annual Percentage Rate for purchases. Any reduced Annual Percentage Rates on new and existing purchases may be different and will apply beginning with the first day of your tenth billing period. However, if a Default Rate Event occurs in the tenth billing period, a Default Rate will apply.

Cash Advance Transaction Fee Finance Charges. Unless otherwise specified in a cash advance offer, we will charge you a Cash Advance Transaction Fee **FINANCE CHARGE** of 3% of the amount of each new cash advance with a minimum Cash Advance Transaction Fee **FINANCE CHARGE** of \$10 and no maximum. The imposition of Cash Advance Transaction Fee Finance Charges may result in an Annual Percentage Rate for cash advances that is higher than the nominal Annual Percentage Rate. All forms of cash advances, including the use of Discover Card checks, regardless of the purpose for which used, are subject to Cash Advance Transaction Fee Finance Charges. To obtain the total Finance Charge on cash advances for each billing period, we add any Cash Advance Transaction Fee Finance Charges for the billing period charged under this section to any Periodic Finance Charges calculated under the Periodic Finance Charges section for each cash advance transaction category and add up these amounts.

Balance Transfer Transaction Fee Finance Charges. If the balance transfer offer you receive contains a Balance Transfer Transaction Fee Finance Charge, we will charge you a Balance Transfer Transaction Fee **FINANCE CHARGE**

for the amount of each balance transfer made under that offer. If there is a Balance Transfer Transaction Fee finance charge in conjunction with the offer you received when you applied for an Account, it will be in the amount set forth in the Pricing Schedule. The imposition of Balance Transfer Transaction Fee Finance Charges may result in an Annual Percentage Rate for balance transfers that is higher than the nominal Annual Percentage Rate. To obtain the total Finance Charge on balance transfers for each billing period, we add any Balance Transfer Transaction Fee Finance Charges calculated under the Periodic Finance Charges section for each balance transfer transaction category and add up these amounts.

Foreign Currency Transaction Fee Finance Charges. We will charge you a Foreign Currency Transaction Fee **FINANCE CHARGE** of 2% of the U.S. dollar amount of each purchase made in a foreign currency. The imposition of Foreign Currency Transaction Fee Finance Charges may result in an Annual Percentage Rate for purchases that is higher than the nominal Annual Percentage Rate. To obtain the total Finance Charge on purchases for each billing period, we add any Foreign Currency Transaction Fee Finance Charges for the billing period charged under this section to any Periodic Finance Charges calculated under the Periodic Finance Charges section for each purchase transaction category and add up these amounts.

Minimum Finance Charge. We will charge you a minimum **FINANCE CHARGE** of \$2.00 for any billing period in which Periodic Finance Charges of less than \$2.00 would otherwise be imposed.

FEES

Annual Fee. If your Pricing Schedule accompanying your Card includes an Annual Fee, we will charge you an Annual Fee in the amount indicated. We will charge you this fee when we open your Account and at the beginning of each anniversary year your Account is open. The Annual Fee is not refundable, except as provided by law.

Late Fee. We will charge you a Late Fee if you have failed, as of the Payment Due Date, to make the Minimum Payment Due that was required to be paid for that billing period. The amount of the Late Fee is based on the sum of all outstanding purchases, cash advances, balance transfers, other charges, other fees and Finance Charges at the end of the billing period for which we did not receive timely payment. If the sum is \$1,000 or less, the fee is \$29; if it is greater than \$1,000, the fee is \$39.

Overlimit Fee. We will charge you an Overlimit Fee of \$29 each time that, as of the close of a billing period, your outstanding Account balance exceeds your Account credit line. This fee may be charged even if the transaction which causes you to exceed your Account credit line is authorized by us or if you exceed your Account credit line due to the posting of Finance Charges or fees to your Account.

Returned Payment Fee. We will charge you a Returned Payment Fee of \$30 each time you pay us with a check or other instrument that is returned unpaid. This fee will also apply if a debit transaction to a deposit account from which you have authorized us in writing, electronically or orally to periodically deduct all or a part of an amount you owe us under this Agreement is returned unpaid. We will charge you this fee the first time any payment is returned unpaid, even if it is paid upon resubmission.

Returned Discover Card Check Fee. We will charge you a Returned Discover Card Check Fee of \$30 each time we decline to honor a Discover Card cash advance check, balance transfer check, promotional purchase check or other promotional check.

Pay-By-Phone Fee. We may from time to time allow you to make payments by authorizing us over the telephone to transfer or pay funds from a deposit account to your Account. We will charge a Pay-by-Phone Fee of \$10 for each such transfer or payment.

DEFAULT AND CANCELLATION

Types of Default. You are in default if you become insolvent; if you file a bankruptcy petition or have one filed against you; if we have a reasonable belief that you are unable or unwilling to repay your obligations to us; if you are declared incompetent by a court or if a court appoints a guardian for you or a conservator for your assets; if you die; if you fail to comply with the terms of this Agreement, including failing to make a required payment when due, exceeding your Account credit line or using your Card or Account for a Prohibited Transaction; or if you fail to make a required payment when due on any other account you have with us.

Consequences of Default. If you are in default, we may declare the entire balance of your Account immediately due and payable without notice. If we refer the collection of your Account to an attorney or employ an attorney to represent us with regard to recovery of money that you owe us, we may charge you reasonable attorneys' fees and court or other collection costs as permitted by law and as actually incurred by us, including fees and costs in connection with any appeal. We may delay enforcing or not enforce any of our rights under this Agreement without losing or waiving any of them.

Cancellation. You may cancel your Account by notifying us in writing or by telephone and returning or destroying every Card and unused check that we have provided you. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover Card, PO Box 30943, Salt Lake City, UT 84130-0943. Of course, you will still be responsible to pay any amount you owe us according to the terms of this Agreement. If your Account is a joint Account, either Cardmember may cancel the Account, but you will both remain responsible to pay any amount owed to us according to the terms of this Agreement. We may cancel or suspend your Account at any time without notice. We may choose not to renew your Account (beyond the expiration date shown on the face of a Card) without notice. You must return any Card or unused checks to us upon request.

PRIVACY AND OUR COMMUNICATIONS WITH YOU

Our Privacy Policy. We may from time to time review your credit, employment and income records. We respect the privacy of information about you and your Account. Our Privacy Policy includes a summary of the personal information we collect, when it may be shared with others, how we safeguard the confidentiality and security of information and the steps you may take to limit our sharing of such information with others. Please read it carefully as it is part of your Cardmember Agreement.

Reporting to Credit Reporting Agencies. As indicated in our Privacy Policy, we may report to credit reporting agencies and other creditors the status and payment history of your Account, including negative credit information. Late payments, missed payments or other defaults on your Account may be reflected in your credit report. We normally report to such credit reporting agencies each month. If you believe that our report of your Account status is inaccurate or incomplete, please write us at the following address: Discover Card, PO Box 15316, Wilmington, DE 19850-5316. Please include your name, address, home telephone number and Account number.

Our Communications with You. Our personnel may listen to or record telephone calls between you and our representatives without additional notice to you as permitted by law. We may use any medium, including but not limited to mail, live telephone calls, automated telephone equipment, prerecorded telephone calls, e-mail and may make calls to your cell phone to contact you about your Account or offer you products or services that may be of value to you. If you prefer not to be contacted in one or more of these ways, telephone us at **1-800-DISCOVER** (1-800-347-2683) or write to us at Discover Card, PO Box 30961, Salt Lake City, UT 84130-0961.

Releasing Information About Your Account. We provide various methods by which you can obtain information about your Account. We will only release such information to you, any Authorized User that our records indicate is an authorized buyer on your Account and any other person with your prior permission, in addition to as provided in our Privacy Policy or as required by law. Our security measures cannot insure against unauthorized inquiries. You agree that we will not be responsible for the release of information to anyone who, even if without your authorization or permission, has gained possession of a Card or has learned other identifying characteristics about you such as your personal identification number, Account number or social security number.

Electronic Notices to You. We may offer you the opportunity to receive certain notices from us electronically rather than through the mail, including monthly billing statements and change of terms notices. The terms and conditions for receiving these electronic communications will be described in the offer.

Notices – Changes to Your Information. If you change your e-mail address, mailing address or telephone number you must notify us of your new address or telephone number within 15 days. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683) or by writing Discover Card, PO Box 30943, Salt Lake City, UT 84130-0943. If your Account is a Joint Account, any notice we mail to an address you have provided for the Account will serve as notice to both Cardmembers.

CLAIMS AND DISPUTES

Merchant Disputes. We are not responsible for the refusal of anyone to accept or honor a Card or to accept checks that we have provided you. If a merchant fails to provide your purchase to your satisfaction and you request a credit to your Account, we will investigate the dispute. If we resolve the dispute in your favor, we will issue a credit to your Account and you will be deemed to have assigned to us your claim against the merchant and/or any third party for the credited amount. Upon our request, you agree to provide us with written evidence of such assignment.

Claim Notices. In the event that you or we have a claim that arises from or relates to your Account, any prior account you had with us, your application, the relationships which result from your Account or the enforceability of the Agreement or any prior agreement, before initiating, joining or participating in any judicial or arbitration proceeding, as either an individual litigant or member of a class ("Proceeding"), the complaining party shall give the other party: (1) a written notice of the claim ("Claim Notice"), at least 15 days before initiating any Proceeding, explaining in reasonable detail the nature of the claim and any supporting facts; and (2) a reasonable good faith opportunity to resolve the claim without the

necessity of a Proceeding. This includes any claims involving our parent corporation, subsidiaries, affiliates (including, without limitation, DFS Services LLC), predecessors, successors, assigns, as well as the officers, directors and employees of each of these entities. Any Claim Notice shall be sent to us at Discover Card, PO Box 3024, New Albany, OH 43054 (or such other address as we shall subsequently provide to you) (the "Claim Notice Address") or to you at your address appearing in our records or, if you are represented by counsel, to your attorney at your attorney's office.

Arbitration of Disputes. *Agreement to arbitrate.* In the event of any past, present or future claim or dispute (whether based upon contract, tort, statute, common law or equity) between you and us arising from or relating to your Account, any prior account you have had with us, your application, the relationships which result from your Account or the enforceability or scope of this arbitration provision, of the Agreement or of any prior agreement, you or we may elect to resolve the claim or dispute by binding arbitration. IF EITHER YOU OR WE ELECT ARBITRATION, NEITHER YOU NOR WE SHALL HAVE THE RIGHT TO LITIGATE THAT CLAIM IN COURT OR TO HAVE A JURY TRIAL ON THAT CLAIM. PRE-HEARING DISCOVERY RIGHTS AND POST-HEARING APPEAL RIGHTS WILL BE LIMITED. NEITHER YOU NOR WE SHALL BE ENTITLED TO JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER CARDMEMBERS WITH RESPECT TO OTHER ACCOUNTS, OR LITIGATE IN COURT OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY ("Class Action Waiver").

Notwithstanding anything else to the contrary in this arbitration provision, only a court, and not an arbitrator, shall determine the validity and effect of the Class Action Waiver. Even if all parties have opted to litigate a claim in court, you or we may elect arbitration with respect to any claim made by a new party or any new claims later asserted in that lawsuit and nothing undertaken therein shall constitute a waiver of any rights under this arbitration provision. We will not invoke our right to arbitrate an individual claim you bring in small claims court or your state's equivalent court, if any, unless such action is transferred, removed or appealed to a different court.

Governing Law and Rules. Your Account involves interstate commerce and this provision shall be governed by the Federal Arbitration Act (FAA). The arbitration shall be conducted, at the option of whoever files the arbitration claim, by either the American Arbitration Association (AAA) or JAMS in accordance with their procedures in effect when the claim is filed. For a copy of their procedures, to file a claim or for other information, contact AAA at 335 Madison Ave., Floor 10, New York, NY 10017-5905, www.adr.org (phone 1-800-778-7879) or JAMS at 620 Eighth Ave., Floor 34, New York, NY 10018, www.jamsadr.com (phone 1-800-352-5267). No other arbitration forum will be permitted, except as agreed to pursuant to either the Changes to this Agreement section or a writing signed by both parties. If neither AAA nor JAMS is able or willing to serve as the arbitration administrator and we and you are unable to agree on a replacement administrator or arbitrator, then a court of competent jurisdiction will appoint an administrator or arbitrator or arbitrators (in the case of an appeal to a panel of three arbitrators as described below). Unless consented to by all parties, no arbitration may be administered by any administrator or arbitrated by any arbitrator that has any formal or informal policy, rule or procedure that is inconsistent with or purports to override the terms of this section. If we elect to resolve a claim or dispute by binding arbitration and the arbitrator issues an award in your favor on a claim or claims with respect to which you would not otherwise be entitled to recover your arbitration filing, administrative and hearing fees, reasonable attorneys' fees and/or other arbitration costs, we will be responsible for paying or reimbursing such costs and fees if awarded by the arbitrator.

Fees and Costs. At your written request, we will advance any arbitration filing, administrative and hearing fees which you would be required to pay to pursue a claim or dispute as a result of our electing to arbitrate that claim or dispute. Send requests to Discover, PO Box 30421, Salt Lake City, UT 84130-0421. The arbitrator will decide who will ultimately be responsible for paying those fees. You will only be responsible for paying or reimbursing our arbitration filing, administrative or hearing fees to the extent you would have been responsible for paying "attorneys' fees and court or other collection costs" had the action proceeded in court. In no event will you be required to pay any fees or costs incurred by us in connection with an arbitration proceeding where such a payment or reimbursement is prohibited by applicable law.

Hearings and Decisions. Any arbitration hearing will take place in the federal judicial district where you reside. The arbitrator shall follow applicable substantive law to the extent consistent with the FAA and applicable statutes of limitations and shall honor claims of privilege recognized at law and shall be authorized to award all remedies permitted by the substantive laws that would apply if the action were pending in court. If requested by any party, the arbitrator shall write an opinion containing the reasons for the award. The arbitrator's decision will be final and binding except for any appeal rights under the FAA and except that if the amount in controversy exceeds \$100,000, any party may appeal the award within 30 days to a three-arbitrator panel, which shall review the award *de novo*. Unless applicable law provides otherwise, the appealing party will pay the cost of the appeal, regardless of its outcome. However, we will consider in good faith any reasonable request for us to bear the fees charged by the arbitration administrator and the arbitrators in connection with the appeal. Judgment upon any award by the arbitrator may be enforced in any court having jurisdiction.

Other Beneficiaries of this Provision. Our rights and obligations under this arbitration provision shall inure to the benefit of and be binding upon our parent corporations, subsidiaries, affiliates (including, without limitation, DFS Services LLC), predecessors, successors, assigns, as well as the officers, directors and employees of each of these entities, and will also inure to the benefit of any third party named as a co-defendant with us or with any of the foregoing in a claim which is subject to this arbitration provision. Your rights and obligations under this arbitration provision shall inure to the benefit of and be binding upon all persons contractually liable under this Agreement and all Authorized Users of the Account.

Survival of this Provision. This arbitration provision shall survive termination of your Account as well as voluntary payment in full by you, any legal proceedings by us to collect a debt owed by you, any bankruptcy by you and any sale by us of your Account.

Right to Reject Arbitration. You may reject the Arbitration of Disputes section by providing us a notice of rejection within 30 days after receiving a Card, at the following address: Discover, PO Box 30938, Salt Lake City, UT 84130-0938. If you were previously subject to arbitration with respect to any account with us, this right to reject arbitration will not apply to you. Your rejection notice must include your name, address, telephone number, Account number and signature and must not be sent with any other correspondence. Calling us to indicate that you reject the Arbitration of Disputes section or sending a rejection notice in a manner or format that does not comply with all applicable requirements is insufficient notice. In order to process your notice, we require that the notice be provided by you directly and not through a third party. Rejection of arbitration will not affect your other rights or responsibilities under this Agreement or your obligation to arbitrate disputes under any other account as to which you and we have agreed to arbitrate disputes. If you do not send a rejection notice, you will be obligated by the Arbitration of Disputes section with respect to this and any prior account you have had with us, even if you have previously sent a rejection notice with respect to that prior account.

LEGAL INTERPRETATION OF THIS AGREEMENT

Severability. If any part of this Agreement becomes unenforceable, it will not make any other part unenforceable, except that if the Class Action Waiver set forth above in the Arbitration of Disputes section is invalidated in any proceeding in which you and we are involved, then the Arbitration of Disputes section will be void with respect to that proceeding.

Compliance with Interest Rate Limitations. We intend that this Agreement will comply with applicable interest rate limitations. You will not be required to pay Finance Charges or other charges at a rate that is greater than the maximum amount permitted by law. If it is ever finally determined that, but for this section, the Finance Charges or other charges under this Agreement would exceed the maximum lawful amount, the Finance Charges and other charges will be reduced to the maximum lawful amount. Any excess amount that you have already paid will be used to reduce the outstanding balance of your Account or will be refunded to you by means of a check in our discretion.

Governing Law. This Agreement and any claim or dispute arising out of this Agreement will be governed by applicable federal law and, to the extent state law applies, Delaware law.

ASSIGNMENT OF ACCOUNT

We may sell, assign or transfer your Account or any portion thereof without notice to you. You may not sell, assign or transfer your Account without first obtaining our prior written consent.

CHANGES TO THIS AGREEMENT

We may change any term or part of this Agreement, including, but not limited to, any finance charge rate, fee or method of computing any balance upon which the finance charge rate is assessed or add any new term or part to this Agreement. If required by law we will send you a notice at least 15 days before the change is to become effective. We may apply any such change to the outstanding balance of your Account on the effective date of the change and to new charges made after that date. You may be offered the opportunity to reject some of the changes, and if you do, you must notify us in writing within 15 days after the mailing of the notice of change at the address provided in the notice of change, in which case your Account will be closed and you must pay us the balance that you owe us under the existing terms of the unchanged Agreement. Otherwise, you will have agreed to the changes in the notice. Use of your Account after the effective date of the change will be deemed acceptance of the new terms as of such effective date, even if you previously notified us that you did not agree to the change.

We may also change any term of any product, service or benefit offered in connection with your Account. We will notify you as required by law or by the terms of the product, service or benefit.

PRIVACY POLICY

We are required by federal law to provide you with a copy of our Privacy Policy each year. If you have previously notified us about your privacy preferences, as described in Section 4, it is not necessary to do so again unless you decide to change your preferences.

We Respect Your Privacy

Our mission is to provide you with superior products and services, along with the peace of mind knowing that the security of your personal information is our top priority. We understand your concerns about guarding information about you and your Account. We want to assure you that we have taken steps, and will continue to take steps, to safeguard that information.

This Privacy Policy describes our efforts to meet these objectives. It includes a summary of the following important information:

- A listing of the personal information we collect;
- The circumstances in which we may share information with others;
- The ways we safeguard the confidentiality and security of information; and
- The steps you may take to limit our sharing of such information with others. See Section 4 for complete details.

Please read our Privacy Policy carefully. It will help you understand how we collect and share information.

1. What Personal Information Do We Collect?

To serve you better and manage our business, it is important that we collect and maintain accurate personal information about you. We obtain this information from applications and other forms you submit to us, from your dealings with us and others, from consumer reporting agencies, and from other sources, such as our Web sites. For example:

- We may obtain information such as your name, address and date of birth from applications and other forms you submit to us.
- We may obtain information such as Account balances, payment history, your use of your Account and the types of services you prefer from your transactions and other dealings with us and others.
- We may obtain information such as the balances of your loans with other lenders and your payment history with others from consumer reporting agencies.
- We may obtain information such as your Internet service provider, your e-mail address, your computer's operating system and Web browser, your Web site use and your product and service preferences from your visits to Web sites.

2. Is Personal Information Shared with Others?

We limit the sharing of information with others. Many of the offers you receive for products and services are provided directly to you from us. For example, a retailer that accepts the Discover[®] Card may come to us with a special offer for Cardmembers, such as a discount certificate or product upgrade. After careful consideration of the nature of the offer and the company, we will create a list of Cardmembers who may be interested in the offer based on certain characteristics. We will send the offer directly to those Cardmembers on behalf of the retailer by, for example, including an insert in their monthly billing statement or mailing the offer ourselves. We control the information used to make the offer; we do not share the list or any information about our Cardmembers with the retailer. However, please understand that if you do receive this type of offer from us and choose to take advantage of it, the retailer may then learn information about you because only Cardmembers with certain characteristics received the offer.

There are, however, circumstances in which we may share the information we collect about you, as described in Section 1, with other companies in order to provide you with access to products and services and to service your Account effectively, as detailed below. We require these companies to adhere to our privacy standards and to use this information only for the limited purpose for which it was shared. We do not allow them to disclose it to others without our prior approval.

a. Sharing Personal Information with Our Corporate Family

Our corporate family offers a variety of products and services that can help you manage your finances. In order to provide you with access to these products and services, we may share the information we collect about you, as described in Section 1, with other members of our corporate family. These companies include financial service providers that offer credit protection, card servicing and payment processing services.

b. Sharing Personal Information with Non-Affiliated Parties for Marketing Purposes

We may share the information we collect about you, as described in Section 1, with non-affiliated third parties, including those that accept the Discover Card, in order to provide you with access to products and services offered directly by these companies that may be of value to you. These companies include financial service providers, such as insurance companies, and non-financial companies, such as retailers.

c. Sharing Personal Information with Others

We may share the information we collect about you, as described in Section 1, with companies that perform support or marketing services on our behalf, such as mailing, market research and data processing; other financial institutions with which we have joint marketing agreements; or companies that are our partners for co-brand credit card programs or reward programs. We may also share such information as permitted by law.

3. How Do We Protect the Confidentiality, Security and Integrity of Information about You?

We maintain physical, electronic and procedural safeguards to protect the information we collect about you. Access to such information is restricted to individuals who need it in order to service your Account or provide products and services to you, and who are trained in the proper handling of such information. Employees who violate these confidentiality requirements are subject to our disciplinary process. Where third parties provide support services, we require them to conform to our privacy standards.

It is important that the information we maintain about you is accurate and complete. If you see information in your monthly billing statements or elsewhere which suggests that our information is incomplete or inaccurate, please write to us at Discover Card, PO Box 30943, Salt Lake City, UT 84130-0943 so that we can update this information.

4. How Can You Limit Sharing of Information About You?

We respect your privacy and offer you choices as to whether we may share information about you with others. You have the option to tell us not to share the information we collect about you, as described in Section 1, with non-affiliated third parties. You also have the option to tell us not to share the information we collect about you, as described in Section 1, with companies in our corporate family. If you indicate a preference for either of these options, please understand that you may not receive offers for products and services provided by other companies that could help you lower your costs, maximize your financial resources, or manage your finances.

To indicate your preferences, please call us at 1-800-225-5202 or write to Discover Card, PO Box 30961, Salt Lake City, UT 84130-0961. If you have previously notified us about your privacy preferences, it is not necessary to do so again unless you decide to change your preferences. Your written request should include your name, address, telephone number and Account number(s) and should not be sent with any other correspondence. In order to process your request, we require that the request be provided by you directly and not through a third party. You will need to provide us with your preferences for each credit card account you have with us.

You may notify us about your preferences at any time. Your request will remain in effect until you notify us otherwise. We will honor your request and not share this information except as permitted by law. For example, federal law permits us to share information about you with consumer reporting agencies, service providers and financial institutions with which we have joint marketing agreements. If you are a new Cardmember, we will not share any information about you, except as permitted by law, for thirty days after we provide this Policy to you in order to give you an opportunity to inform us about your preferences. If you are an existing Cardmember, please understand that you may continue to receive marketing offers directly from other companies that were already in production prior to the processing of your request.

This Privacy Policy is provided to the primary Cardmember listed on the Account. However, any joint Cardmember has the right to notify us about preferences and we will treat that request as applying to the entire Account. We do not share information about former customers, except as permitted by law. This notification supersedes all previously issued Privacy Policies. We reserve the right to amend this Privacy Policy from time to time and we will notify you if we do so.

This Privacy Policy is provided to you by Discover Bank and its subsidiaries, which currently include GTC Insurance Agency, Inc. and Discover Products Inc. Unless otherwise specified, it applies to the family of Discover Cards for consumers and the products and services offered in connection with those Cards, including the Wallet Protection card registration service (with the exception of any information registered in connection with the service, which will not be shared). It is part of your Cardmember Agreement and provides a further explanation of how we collect and share information. You may have other rights under state laws that apply to this information. Please note that you will also receive privacy notices for other credit card accounts you have with us, as well as other financial products and services provided to you by us and our affiliates. You will need to indicate your preferences for each of these separately as disclosed in the notice.

Vermont Residents – Your state law requires financial institutions to obtain your consent prior to sharing information about you with others. Except as permitted by law, we will not share information we collect about you with non-affiliated third parties or companies in our corporate family unless you call us at 1-800-DISCOVER (1-800-347-2683) and authorize us to do so.

California Residents – Your state law requires financial institutions to obtain your consent prior to sharing information about you with non-affiliated third parties. Except as permitted by law, we will not share information we collect about you with non-affiliated third parties while you are a resident of California.

Your Billing Rights
KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

1. Notify Us in Case of Errors or Questions About Your Bill

If you think your bill is wrong or if you need more information about a transaction on your bill, write us on a separate sheet of paper at the address listed on your bill for Notice of Billing Errors. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- your name and Account number.
- your dollar amount of the suspected error.
- describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your credit card bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment, your letter must reach us three business days before the automatic payment is scheduled to occur.

2. Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question or report you as delinquent. We can continue to bill you for the amount you question, including finance charges and we can apply any unpaid amount against your Account credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay the finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is. If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

3. Special Rule for Credit Card Purchases

If you have a problem with the quality of goods or services that you purchased with a credit card, and you tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the goods or services. There are two limitations on this right:

- (a) you must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address; and
- (b) the purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant or if we mailed you the advertisement for the goods or services.

4. Purchases Made with Checks or Cash Advances

The Special Rule for Credit Card Purchases does not apply to purchases made with a balance transfer check, cash advance or promotional purchase check. Therefore, if you have a problem with the quality of goods or services that you purchased with a balance transfer check, promotional purchase check, cash advance check or the proceeds of a cash advance, you do not have the right to withhold payment of the amount due.

Pricing Schedule

This is an example of terms that were available to recent applicants as of **12/31/2009**. They may not be available now. If you apply, your terms will be based on the terms of the offer when you apply. This Pricing Schedule is part of the Cardmember Agreement.

Summary of Rates and Fees

(See below for additional important information.)

Standard Annual Percentage Rate ("APR") for Purchases	A rate between 15.99% variable (Daily Periodic Rate of .04381%) and 22.99% variable (Daily Periodic Rate of .06299%) ¹ .
Other APRs	Balance Transfers: Balance transfers are only offered at our discretion and on promotional terms. See relevant offer for details. Cash Advances: 24.99% variable (Daily Periodic Rate of .06847%) Default Rate: Up to 29.99% variable (Daily Periodic Rate of .08216%).
Variable Rate Information	The standard purchase APR may vary monthly and equals the Prime Rate plus an amount between 12.74% and 19.74%. The cash advance APR may vary monthly and equals the Prime Rate plus 21.74%. The default APR may vary monthly and equals the Prime Rate plus up to 27.99%, but such rate will never exceed 29.99%.
Paying Interest	Your due date is at least 25 days after the close of each billing period. We will not charge you any interest on purchases if you pay your entire balance by the due date each month. We will begin charging interest on cash advances and balance transfers on the transaction date.
How We Calculate Your Balance	Average Daily Balance (including new purchases). See additional important information below for more details.
Foreign Currency Transaction Fee	2% of the U.S. dollar amount of each purchase made in a foreign currency.
Annual Fee	None.
Minimum Finance Charge	\$2.00.
Balance Transfer Transaction Fee	Up to 5% for each balance transfer.
Cash Advance Transaction Fee	3% for each cash advance, with a minimum of \$10 and no maximum.
Late Fee	\$29 on balances up to \$1000 and \$39 on balances over \$1000.
Overlimit Fee	\$29.
Returned Payment Fee	\$30.

¹ Rates are determined based on your offer and, in some cases, an evaluation of your credit. You may not be eligible to apply for all offers.

Additional Important Information

Default Rate. Each time you do not make a required payment on time or each time you exceed your Account credit line twice in a twelve month period (each, a "Default Rate Event"), we may increase the standard Annual Percentage Rates for purchases, balance transfers and cash advances to a variable rate equal to the Prime Rate + up to 27.99%, but such rate will never exceed 29.99% (the "Default Rate"). At the same time, any special rates on purchases, balance transfers or cash advances will end and the Default Rate may apply. The maximum Default Rate which would currently apply is set forth above. We will base your Default Rate on factors such as:

- your current APRs
- your payment history with us
- your general credit history

Any increased rate will apply beginning with the first day of the billing period in which (i) we did not receive at least the Minimum Payment Due by the Payment Due Date or (ii) you exceeded your Account credit line for the second time in a twelve month period. If your standard Annual Percentage Rate for purchases was increased under this or any previous version of the Default Rate section and, for any nine consecutive billing periods thereafter another Default Rate Event does not occur, then your Annual Percentage Rate for your new purchases will be reduced to a lesser variable rate which may be higher than your previous standard Annual Percentage Rate for purchases and your Annual Percentage Rate for your existing purchase balance may be reduced to a lesser variable rate which may be higher than your previous standard Annual Percentage Rate for purchases. Any reduced Annual Percentage Rates on new and existing purchases

may be different and will apply beginning with the first day of your tenth billing period. However, if a Default Rate Event occurs in the tenth billing period, a Default Rate will apply.

Variable or Fixed Interest Rates. The Daily Periodic Rate and corresponding Annual Percentage Rate that apply to each transaction category are either fixed rates or variable rates as set forth in your Pricing Schedule or in any special offers you receive from us. The Daily Periodic Rate is 1/365th of the corresponding Annual Percentage Rate. Variable Annual Percentage Rates are determined by adding a specified number of percentage points to the Prime Rate. This is shown on the Pricing Schedule as "Prime + (percentage points)." For purposes of this Agreement, the Prime Rate is the highest rate of interest listed as the "prime rate" in the Money Rates section of *The Wall Street Journal* on the last business day of the month. The Prime Rate is merely a pricing index and does not represent the lowest or best interest rate available to a borrower at any bank at any given time. If you have a variable rate, your Annual Percentage Rate will increase or decrease when the Prime Rate changes. This change will be effective beginning with the first day of the billing period that begins during the same month as the change in the Prime Rate. An increase in the Annual Percentage Rate may increase your Minimum Payment Due.

How We Calculate Your Balances. We use the Average Daily Balance (including new transactions) method of calculating the balance upon which we impose Periodic Finance Charges. We compute the Average Daily Balance for each transaction category by adding up all the daily balances in a billing period for a transaction category and dividing the total by the number of days in the billing period. We compute the daily balance for each transaction category on each day by first adding the following to the previous day's daily balance: transactions with a Transaction Date of that day as shown on your billing statement, unless the transaction is posted to your Account after the close of the billing period in which it occurs, in which case the transaction will be added to the daily balance as of the first day of the billing period in which it is posted to your Account, fees charged that day and Periodic Finance Charges accrued on the previous day's daily balance; and by then subtracting any credits and payments that are applied against the balance of the transaction category on that day. In calculating the daily balance for the first day of the billing period, we consider the "previous day's daily balance" to have been your balance for each transaction category on the last day of your previous billing period.

All fees charged to your Account are added to the standard purchase transaction category with the exception of Cash Advance Transaction Fee Finance Charges which are added to the applicable cash advance transaction category and Balance Transfer Transaction Fee Finance Charges which are added to the applicable balance transfer transaction category. When the special rate expires, we move the unpaid balance of the balance transfer and the Balance Transfer Transaction Fee Finance Charges to the standard purchase transaction category. However, if the special rate has been terminated under the Default Rate section, we leave the unpaid balance of the balance transfer and the Balance Transfer Transaction Fee Finance Charges in the applicable balance transfer transaction category until the special rate would have expired.